

**REMARKS**

Applicants submit that current claims 14-18 and 24-35 are now in condition for allowance. Applicant cancels claims 1-13 and adds new claims 24-35. No new matter has been added with this Response. Reconsideration of the rejections discussed in light of the following remarks is therefore respectfully solicited.

In the Non-Final Office Action mailed July 21, 2005, the Examiner rejected claims 1-18 under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent 6,675,153 to Cook (hereinafter “Cook”) in view of an on-line article discussing Homestead.com (hereinafter “Homestead.com”). The Examiner stated that Homestead.com teaches a merchant-hosting site for e-commerce so that a merchant can sell without resort to a permanent payment processing account associated with the merchant. The Examiner further stated that it would have been obvious at the time to a person of ordinary skill in the art to modify Cook with the merchant account service website disclosed by Homestead.com because this would allow a merchant to process credit card sales without incurring the regular fees of a merchant account and learning complex technology.

Applicants’ invention does not allow a merchant to perform payment processing. Instead, the invention allows a merchant to conduct e-commerce transactions without a permanent payment processing account. Applicants respectfully submit that this is different than the teachings of Cook and Homestead.com, as discussed herein.

Applicants submit that Homestead.com does not teach a merchant-hosting site for e-commerce so that a merchant can accept customer payment information without resort to a permanent payment processing account associated with the merchant. Instead, Homestead.com teaches that merchants can “sell items and accept credit cards, checks and money orders through

their sites, without a merchant account.” Homestead.com also teaches that “[u]ntil now, it has been extremely difficult for individuals and small business owners to incorporate payment capabilities on their Web sites.” Homestead.com therefore provides payment processing services to a merchant. In contrast, Applicants’ invention does not require that a merchant hosting entity perform payment processing. Instead, it allows a merchant to accept a customer’s payment information (and therefore conduct an e-commerce transaction) at a merchant hosting entity that has a permanent payment processing account, so that merchants using this merchant hosting entity do not need their own permanent payment processing accounts. Therefore, there is no teaching in Homestead.com of a merchant hosting entity having its own payment processing account that allows a merchant to accept payment for goods or services without resort to a permanent payment processing account associated with the merchant.

Additionally, neither Cook nor Homestead.com teach that the merchant hosting entity communicates with a payment gateway entity. Cook teaches a secure data center (reference number 102) which “is operable to obtain charge authorization services without requiring a consumer to provide personal and charge card information to the requesting merchant. In one implementation, the centralized data repository is not used for any other commercial purpose. In one implementation, secure data center 102 includes a central key server 105 for use in authenticating consumers and merchants.” (Cook, col. 4, lines 57-64). Although merchant identification information is forwarded to the payment gateway entity, Applicants’ payment gateway entity does not authenticate the consumer or the merchant – instead, this information is used to validate that the merchant is authorized to conduct transactions via the merchant hosting entity, which is not authentication of the merchant for payment. Cook also teaches that the secure data server can obtain authorization where a consumer is not required to provide payment

information to a merchant. In Applicants' invention, any payment processing is actually performed by a financial processing authority which receives data communicated by the payment gateway entity. This data includes a customer's payment information, which is provided to the merchant on an e-commerce site provided by the merchant hosting entity.

Furthermore, the motivation provided by the rejection does not address how Cook and Homestead.com can be combined to arrive at Applicants' claims. The Examiner's statement does not provide adequate motivation to combine specific elements of Cook and Homestead.com into the single claimed invention. The Homestead.com reference teaches an method of allowing merchants to conduct e-commerce payment processing. In contrast, Cook teaches a transaction authorization system that provides customers the benefit of having personal and credit card information kept confidential to prevent identities and credit cards from being used by others. Therefore, there is no teaching in Cook to suggest that its transaction authorization system that protects customer information can be combined with the merchant account service website of Homestead.com that facilitates merchant payment processing to produce Applicants invention, which enables a merchant to conduct transactions on a merchant hosted entity with a permanent payment processing account without the need for a merchant to have a permanent payment processing account.

Applicants therefore submit that the rejection under 35 U.S.C. § 103(a) does not properly recite a motivation to combine the cited references to arrive at Applicants' claimed invention. The fact that discrete elements within the claims can be found somewhere in the prior art, and "can be used" in combination, does not, without more, render the combination unpatentable.<sup>1</sup> To the contrary, where the rejection depends on a combination of elements from prior art

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<sup>1</sup> See *In re Rouffet*, 149 F.3d 1350, 1357, 47 USPQ2d 1453, 1457 (Fed. Cir. 1998) ("As this court has stated,

references, the Examiner must identify some teaching, suggestion or motivation to combine the references.<sup>2</sup> “Combining prior art references without evidence of such a suggestion, teaching, or motivation simply takes the inventor’s disclosure as a blueprint for piecing together the prior art to defeat patentability – the essence of hindsight.”<sup>3</sup> No proper teaching, suggestion or motivation to combine has been identified in the present case.

As the Federal Circuit has stated, “virtually all [inventions] are combinations of old elements.”<sup>4</sup> Therefore an examiner may often find every element of a claimed invention in the prior art.<sup>5</sup> If identification of each claimed element in the prior art were sufficient to negate patentability, very few patents would ever issue.<sup>6</sup> Furthermore, rejecting patents solely by finding prior art corollaries for the claimed elements would permit an examiner to use the claimed invention itself as a blueprint for piecing together elements in the prior art to defeat the patentability of the claimed invention.<sup>7</sup> Such an approach would be “an illogical and inappropriate process by which to determine patentability.”<sup>8</sup>

A motivation to combine the specific elements into the claimed invention must therefore be identified. “To prevent the use of hindsight based on the invention to defeat patentability of the invention, this court requires the examiner to show a motivation to combine the references

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‘virtually all [inventions] are combinations of old elements.’”).

<sup>2</sup> See, e.g., *In re Rouffet*, 149 F.3d at 1355, 47 USPQ2d at 1456.

<sup>3</sup> *In re Dembiczak*, 175 F.3d 994, 999, 50 USPQ2d 1614, 1617 (Fed. Cir. 1999).

<sup>4</sup> *Environmental Designs, Ltd. v. Union Oil Co.*, 713 F.2d 693, 698, 218 U.S.P.Q. (BNA) 865, 870 (Fed. Cir. 1983); see also *Richdel, Inc. v. Sunspool Corp.*, 714 F.2d 1573, 1579-80, 219 U.S.P.Q. (BNA) 8, 12 (Fed. Cir. 1983) (“Most, if not all, inventions are combinations and mostly of old elements.”).

<sup>5</sup> See *In re Rouffet*, 149 F.3d 1350, 1357 (Fed. Cir. 1998).

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

that create the case of obviousness.”<sup>9</sup> The motivation to combine the specific elements must be specifically taught.<sup>10</sup>

### CONCLUSION

As discussed above, neither Cook nor Homestead.com teach all of the elements of the claimed invention. Additionally, one of ordinary skill in the art would not be motivated to combine the references, since there is no teaching in Cook to suggest that its transaction authorization system that protects customer information can be combined with the merchant account service website of Homestead.com that facilitates merchant payment processing to produce Applicants’ invention.

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<sup>9</sup> See also *In re Dembiczak*, 175 F.3d 994, 999, 50 USPQ2d 1614, 1617 (Fed. Cir. 1999) (“Our case law makes clear that the best defense against the subtle but powerful attraction of a hindsight-based obviousness analysis is rigorous application of the requirement for a showing of the teaching or motivation to combine prior art references.”); *Gambro Lundia AB v. Baxter Healthcare Corp.*, 110 F.3d 1573, 1579 (Fed. Cir. 1997) (“The absence of such a suggestion to combine is dispositive in an obviousness determination.”).

<sup>10</sup> See, e.g., *Brown & Williamson Tobacco Corp. v. Philip Morris Inc.*, 229 F.3d 1120, 1124-25, 56 USPQ2d 1456, 1459 (Fed. Cir. 2000) (“a showing of a suggestion, teaching, or motivation to combine the prior art references is an ‘essential component of an obviousness holding’”) (quoting *C.R. Bard, Inc. v. M3 Systems, Inc.*, 157 F.3d 1340, 1352, 48 USPQ2d 1225, 1232 (Fed. Cir. 1998)); *In re Kotzab*, 217 F.3d 1365, 1371, 55 USPQ2d 1313, 1317 (Fed. Cir. 2000) (“particular findings must be made as to the reason the skilled artisan, with no knowledge of the claimed invention, would have selected these components for combination in the manner claimed”); *In re Fritch*, 972 F.2d 1260, 1265, 23 USPQ2d 1780, 1783 (Fed. Cir. 1992) (the examiner can satisfy the burden of showing obviousness of the combination “only by showing some objective teaching in the prior art or that knowledge generally available to one of ordinary skill in the art would lead that individual to combine the relevant teachings of the references”).

In view of the above amendments and remarks, it is submitted that this application is now ready for allowance. If, in the opinion of the Examiner, a telephone conference would expedite the prosecution of the subject application, the Examiner is invited to call the undersigned attorney at (213) 896-6897.

Respectfully submitted,

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